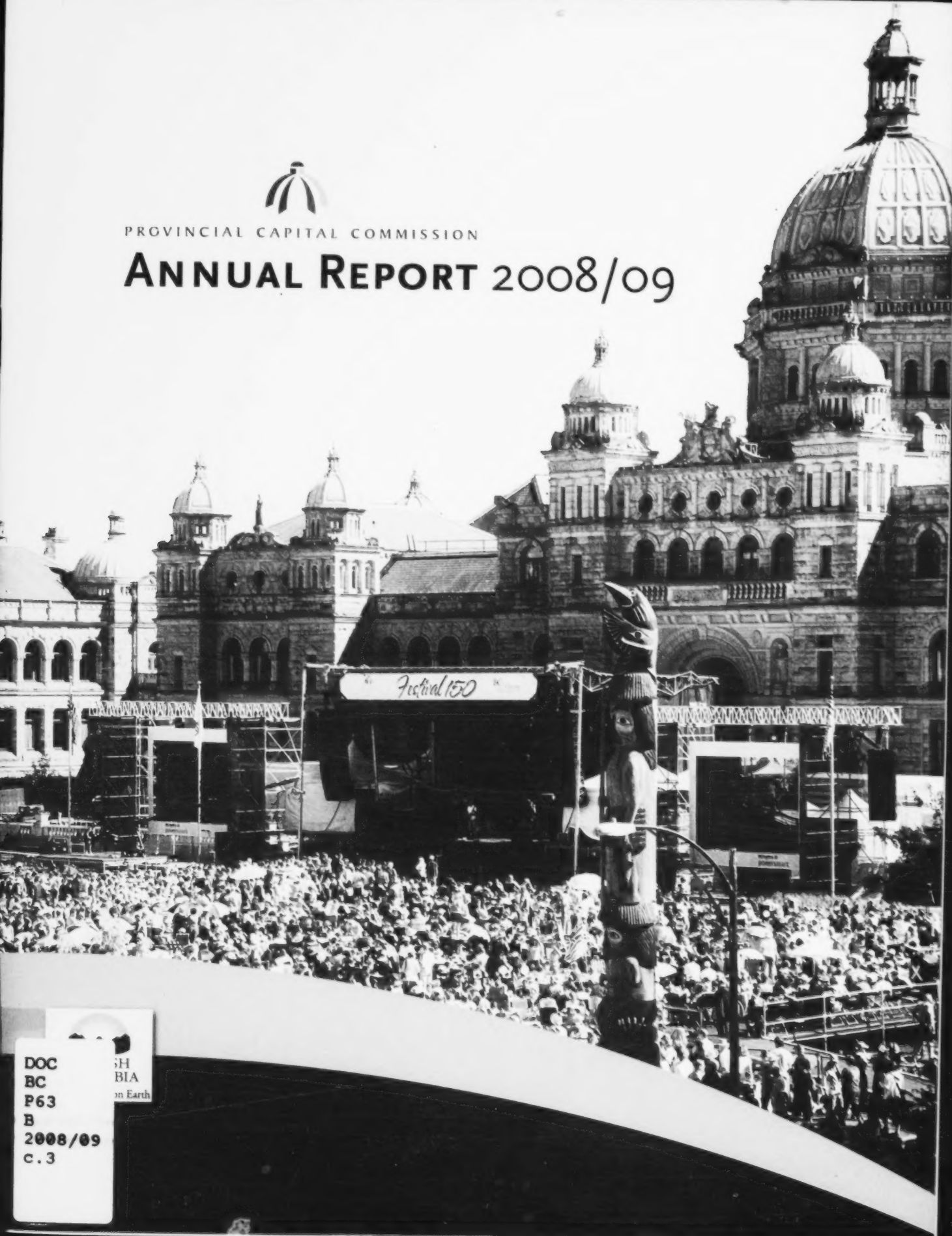




PROVINCIAL CAPITAL COMMISSION

# ANNUAL REPORT 2008/09



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### BC150 CELEBRATIONS

"The involvement of the Provincial Capital Commission (PCC) was pivotal in so many of the Capital city's successful events marking our milestone anniversary and we are grateful for your enthusiastic leadership."

*Premier Gordon Campbell*

This Annual Report is dedicated to the Provincial Capital Commission's former Minister Responsible, Stan Hagen who died suddenly on January 20, 2009. Minister Hagen's enthusiasm, drive and dedication to our great province were an inspiration to all of us at the PCC to think big and work hard.



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## MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE

This Annual Report looks back on a banner year for the Provincial Capital Commission in the pursuit of our vision to "connect and celebrate the Capital with all British Columbians."

This year's success was driven in a very significant way by government's BC150 Years celebration. Perhaps the largest single event of BC's sesquicentennial year 2008 was the PCC-produced "Festival 150," which attracted an estimated 160,000 people to the Capital's Inner Harbour over the BC Day holiday weekend. Other PCC-backed BC150 initiatives and other Outreach achievements are noted in the following pages.

As an operationally self-sustaining Crown agency, the PCC's ability to deliver Outreach programs and support important initiatives like BC150 is made possible through our continuing efforts to optimize revenues from our property assets. As responsible stewards of many important properties located in the Capital, the PCC continues to make significant investments in improving and maintaining our heritage buildings and Inner Harbour holdings.

In fiscal 2008/09 the PCC achieved a surplus from operations of \$106,292 while investing \$1.0 million in Outreach programs. Through accumulated earnings of previous years, the PCC also contributed a further \$0.6 million to Festival 150 and \$0.4 million for capital assets in the current year. We have met or surpassed all performance targets. We have also provided assistance to a number of emerging Capital city agencies in other Canadian provinces that look to British Columbia's PCC for advice and ideas. The picture that emerges from this report is of a lean, ambitious organization dedicated to its vision.

In our updated Service Plan released February 2009, we phased out some performance measures that have largely achieved their ends, and added others in areas of new public policy such as climate action.

Over the next few months, the PCC Board will plan for an orderly succession at the senior management and Board levels, while overseeing initiatives in our core lines of business.

As required by legislation, I report that the PCC's 2008/09 Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. I am accountable for the contents of the report, including what has been included in the report and how it has been reported. The information reflects the actual performance of the PCC for the 12 months ending March 31, 2009 in relation to the February 2008 Service Plan. The measures presented are consistent with the PCC's mandate, goals and strategies, and focus on aspects critical to the organization's performance. I am responsible for ensuring internal controls are in place to ensure performance information is measured and reported accurately and in a timely fashion.

All significant decisions, events and identified risks, as of May 19, 2009, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate, direction, goals, objectives, strategies, measures or targets made since the February 2008 Service Plan was released and any significant limitations in the reliability of data are identified in the report.

I would like to acknowledge the contributions of our current and past Board directors who have so generously volunteered their time and of CEO Ray Parks and his team in leading the PCC in pursuit of its vision of connecting and celebrating the Capital with all British Columbians.

Bill Wellburn, FCA  
Chair

Clerk Legislative Assembly

RECEIVED

JUN 23 2009

VICTORIA, B.C.



PROVINCIAL CAPITAL COMMISSION

2008/09 Annual Report | 1



## CEO REPORT

The Provincial Capital Commission had an exciting and memorable year in 2008 supporting the province's BC150 Years celebrations. The highlight was Festival 150, which the PCC presented over the BC Day long weekend. It culminated

in a free all-day public concert on the Legislature lawns, beginning with a welcome from Premier Campbell and Prime Minister Harper, a performance by local First Nations dancers, and a spectacular flypast by Canada's world-famous Snowbirds. All day the crowds came and went, enjoying entertainment by such legendary BC musicians as Dal Richards, Burton Cummings and Sarah McLachlan.

The PCC celebrated the 150th anniversary of the Sisters of St. Ann in Victoria through a re-enactment of the original arrival of the Sisters of St. Ann in Victoria's Inner Harbour. We hosted the annual conference of the Canadian Capital Cities Organization, and proudly supported the North American Indigenous Games held in the Cowichan Valley. The PCC entered a new partnership with the Royal BC Museum in support of its splendid Free Spirit exhibition and the province-wide Free Spirit Conservation Tour. PCC staff also attended the Yuquot Summer Festival at historic Friendly Cove on Nootka Island as invited guests of the Mowachaht-Muchalaht First Nation.

While supporting numerous special events aligned with our mandate, the PCC continues to expand its other Outreach offerings. In 2008/09, our Student Travel Subsidy program approved PCC-supported field trips for over 5,500 students, for a total of 13,000 students over the program's first three years of operation.

In connecting the Capital with the rest of the Province, our community visit to the Okanagan was well received, complementing tours in previous years to the North Coast, Peace River and West Kootenay regions. The PCC also released an award-winning Capital-themed online Social Studies unit developed with Open School BC. Outreach funding of \$1 million per year has been achieved through increased revenues from prudent management of our property inventory. PCC properties located in the Capital region include heritage buildings, parks, Inner Harbour ferry terminals, development sites currently used as parking lots, and greenspace along the Trans-Canada Highway view corridor. We continue to make significant investments in our property assets, including seismic upgrades to the Visitor Information Centre and restoration of its historic Sperry Beacon in the current year. The City of Victoria also completed planned renovations to the PCC-owned Crystal Garden and hosted its first conference there in November 2008. In total, the PCC has invested \$5 million in capital maintenance since 2003, in addition to improvements to PCC properties that have been funded directly by our tenants.

Over these past few years, our small organization of 12 full-time equivalents has made significant progress in developing and expanding our Outreach programs, increasing property revenues, and upgrading property holdings. All of this year's significant accomplishments would not have been possible without the amazing commitment of this talented and dedicated staff.

Rick Crosby, CGA  
Chief Financial Officer and  
Acting Chief Executive Officer



## WHAT IS A CAPITAL?

*A Capital reflects the history, aspirations and democratic traditions of all citizens of its constituency.*

*A Capital is a place for celebration and ceremony. It is a place to enact rituals that are significant to all its people, however diverse they may be, and that reinforce our way of government and our way of life.*

*A Capital must provide a sense of ownership and belonging, not just to the residents of the Capital city or region, but to every citizen it represents. Because it belongs to all its citizens, a Capital must be welcoming and inclusive.*

*A Capital's setting ought to be splendidly emblematic of the geographic beauty of its entire domain. However, a Capital must transcend its physical location to penetrate the hearts and imaginations of all the people it represents.*

*A Capital is a place to showcase important symbols of our collective past through museums, historic sites, heritage buildings and stories. It is a place to celebrate the present and to envision and pursue the future. It should be the centre of achievement in all areas of its citizens' endeavours, including culture, the arts, learning, justice, technology and athletics.*

*A Capital should express the greatest aspirations of all its stakeholders, in all their diversity.*

Ray Parks  
Provincial Capital Commission



# YEAR IN REVIEW

The PCC supports BC150 Heritage Poster Contest operated by the Speaker's Office of BC's Legislative Assembly by providing transportation and accommodation expenses for the winners' families to have their "day in the Capital". The winners, who come from Vancouver, Port Alberni and Lillooet, are honoured in a ceremony in the Parliament Buildings hosted by Minister Stan Hagen and Speaker Bill Barisoff.

Applications begin arriving for the third year of PCC's Student Travel Subsidy program. In the coming year, subsidies totalling more than \$230,000 are approved for 130 groups, representing more than 5500 students from as near as Shawnigan Lake and as far as Haida Gwaii.

PCC is a major supporter of the "Educate and Celebrate" weekend commemorating the 150th anniversary of the arrival of the Sisters of St. Ann in Victoria, marking the beginning of both health-care and education systems in British Columbia. Activities include a historical re-enactment of the arrival to the Capital.

PCC hosts the annual conference of the Canadian Capital Cities Organization in Victoria.

PCC is a sponsor of the National Historica Fair and chairs the local organizing committee. This week-long history camp hosts 165 students from literally every province and territory in Canada, and culminates in a one-day public exhibition of their prize-winning heritage projects.

PCC restores the historic Sperry Beacon on top of Visitor Information Centre clock tower.

## HERITAGE FAIR SUPPORT:

"Thank you for your generous support of the Heritage Fairs program in BC, a dynamic and unique Canadian history and heritage learning experience."

Emily S  
Richmond



National Historica Fair participants

### APRIL 08

"BC150 Years" video vignettes produced by the PCC are broadcast for a period of 12 weeks on the Shaw Cable network province-wide.

### MAY 08

The Garden Volunteer program at St. Ann's Academy begins its third year of operation.

### JUNE 08

PCC helps sponsor a free public concert at Ship Point to celebrate National Aboriginal Day, building on last year's concert at St. Ann's Academy.

Tall Ships Festival hosted on PCC properties.

### JULY 08

PCC sponsors entertainment at Canada Day celebrations on the Inner Harbour.

### AUGUST 08

PCC presents Festival 150, a celebration of BC Day weekend and the largest single event of the BC150 year. It attracts an estimated 160,000 people over the three days, culminating in an all-star free concert featuring such pop icons as Burton Cummings and Sarah McLachlan.

PCC is a major sponsor of Cowichan 2008 North American Indigenous Games hosted in the Cowichan Valley.

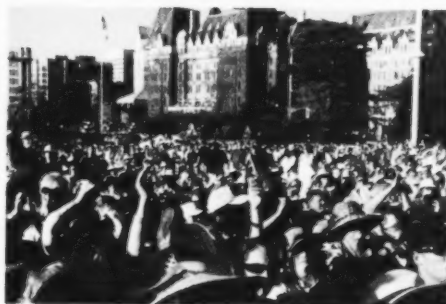
PCC staff attend the Yuquot Summer Festival at historic Friendly Cove, where they are among the honoured guests of the Mowachaht-Muchalaht First Nation.

### SEPTEMBER 08

PCC attends the unveiling of Signs of Lekwungen, which the Commission supported financially. The project honours Coast Salish art, history and culture at seven historic sites in the Capital.



Aboriginal Day dancer



BC Day Celebration August 2008



Tall Ships Festival

PCC staff and Board members make a five-day Outreach community visit to the South Okanagan, making several presentations in Penticton, Oliver and Osoyoos.

The Royal BC Museum's Free Spirit Conservation Tour, supported in part by the PCC, visits six communities around the province: Fort St. John, Prince George, Kamloops, Revelstoke, Courtenay and Fort Langley.

## BC 150 YEARS

### The Best Place on Earth

PCC holds a reception to celebrate the 150th anniversary of the Chapel at St. Ann's Academy, which began its life in 1858 as the first Roman Catholic Cathedral in what is now western Canada.

#### OCTOBER 08

At the BC Communities in Bloom annual conference, held in Castlegar, the PCC-sponsored Heritage Achievement Award is presented to the town of Mission. As a Gold Bloom sponsor, the PCC contributes to the travel costs of volunteer judges.

A custom-made online Social Studies 10 unit on the Capital premieres on the PCC website, after more than a year in development. After the initial 672 hits in the first month, the website receives 250 to 300 hits per month.

#### NOVEMBER 08

Victoria Conference Centre opens for business at the Crystal Garden.

PCC sponsors the annual conference of the BC Museums Association.

#### DECEMBER 08

For the third consecutive year, the PCC sponsors an awards banquet for the BC Youth Parliament.

A staff succession plan is implemented to address pending retirements.

#### JANUARY 09

The PCC Board welcomes six new directors.

Black Ball Ferry initiates terminal upgrades as part of a five-year lease renewal with the PCC

#### FEBRUARY 09

PCC representatives attend the raising of the 2010 Olympics flag on Parliament Hill in Ottawa.

PCC takes part in "Living Colours," a day-long community celebration produced by the local Spirit Committee to celebrate the one-year countdown to the Vancouver 2010 Olympics

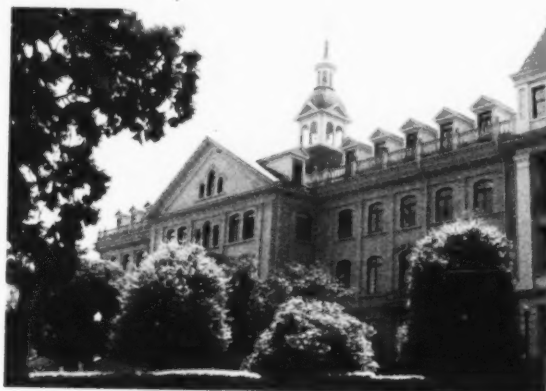
#### MARCH 09

As a follow-up to October's Outreach visit, the PCC hosts a group of adult students from Penticton's En'owkin Centre. The group spends one day on the UVic campus and one day at the Legislature and Royal BC Museum.

Ship Point wharf undergoes a facelift.



The restored Sperry Beacon shines nightly from the art deco tower at 812 Wharf Street



St. Ann's Academy National Historic Site

#### ST. ANN'S ACADEMY SCHOOL PROGRAM:

"Thank you so much for a wonderful, educational time at St. Ann's....I know the children really enjoyed the chapel experience and learning what it may have been like for children of that day. I have had a lot of positive feedback from others as well."

Shannon  
Victoria



PROVINCIAL CAPITAL COMMISSION

## ORGANIZATIONAL OVERVIEW

The Provincial Capital Commission is a Crown agency of the Province of British Columbia. The PCC was first created in 1956 as the Capital Improvement District Commission with responsibility for an area that included the City of Victoria and the municipalities of Esquimalt, Oak Bay and Saanich. The District was later expanded to include a larger surrounding area. In 2003, the PCC's mandate was further broadened to include service to all British Columbians.

### ENABLING LEGISLATION AND MANDATE

The PCC operates under the Capital Commission Act with authority that focuses principally on real property and beautification throughout the Capital Improvement District. The legislated mandate was enhanced by direction from the Shareholder in 2003 to connect and celebrate the capital with every British Columbian.

### VISION

Connecting and celebrating the Capital with every British Columbian.

### MISSION

- Delivery of programs that connect British Columbians to their Capital and foster pride and awareness of the diverse cultures and rich history of their province
- Responsible stewardship of public assets
- A self-sustaining Crown corporation.

### VALUES

- Act with integrity by operating with openness, fairness and transparency
- Be respectful, inclusive and accessible
- Think, plan and act long-term
- Be socially responsible in everything we do by promoting long-term financial and economic sustainability, a healthy environment and the well-being of all citizens
- Balance the needs of the Capital and the province-wide mandate
- Recognize and support the diversity of British Columbia's cultures, landscapes and history
- Manage the balance between our heritage properties and our province-wide mandate.

### CORE BUSINESS AREAS

The PCC has two core business functions:

- Delivery of Outreach and Engagement programs that connect and celebrate British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of heritage, Inner Harbour and open space properties.

### BENEFITS TO BRITISH COLUMBIANS

The work of the PCC benefits the public by:

- Connecting British Columbians with their Capital through innovative Outreach initiatives and celebrations
- Taking the Capital to British Columbia and bringing British Columbians to the Capital
- Providing responsible and sensitive stewardship to many provincially-owned properties and heritage buildings that celebrate the Capital.

### PRODUCTS AND SERVICES PROVIDED

These include:

- Programming to assist student and community groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness and visitation to the province's Capital
- Educational and research support for students and teachers.



Banners at Crystal Garden



PCC CEO Ray Parks with artist Butch Dick, Esquimalt First Nation Chief Andy Thomas and Songhees First Nation Chief Robert Sam at the unveiling of Signs of Lekwungen.

The PCC provides financial assistance for youth group travel to the Capital; learning resources provided through web-based curriculum development; and the production of audio and video materials available through either direct distribution to schools or as downloads from various internet links. The PCC provides resources to the public through two web domains, [www.bcpcc.com](http://www.bcpcc.com) and [www.stannsacademy.com](http://www.stannsacademy.com). The PCC also provides support for community-based initiatives that connect and celebrate the Capital with British Columbians through a variety of partnerships and sponsorships.

The PCC has been providing services to the public in support of its vision since 2003. The core business areas and main program delivery initiatives have been stable since that time.

#### **PARTNERS, CLIENTS AND STAKEHOLDERS**

The PCC operates in an environment that includes other parties with mandated responsibilities, visions, and interests in the Capital including: municipalities, other government departments, First Nations, and other agencies including the Greater Victoria Harbour Authority, Tourism Victoria, the Royal British Columbia Museum and the private sector.

#### **LOCATION OF OPERATIONS**

The PCC's headquarters is located at 613 Pandora Avenue in Victoria, BC. A number of programs for schools and the general public are offered at St. Ann's Academy National Historic Site located at 835 Humboldt Street in Victoria, BC.



# CORPORATE GOVERNANCE

## OVERVIEW

The Provincial Capital Commission has a 14-member Board of Directors pursuant to the Capital Commission Act. Eight members including the Board Chair are appointed by Order in Council to represent the Province at large. The remaining six are appointed by the four core municipalities of Greater Victoria (two from Victoria, two from Saanich, and one each from Oak Bay and Esquimalt). The Board of Directors governs the PCC under the Capital Commission Act. Day-to-day management of the PCC is delegated by the Board to the CEO.

## ROLE OF BOARD OF DIRECTORS AND EACH BOARD COMMITTEE

### BOARD OF DIRECTORS

Provides strategic direction and oversees the conduct of PCC business and activities of management.

**Chair:** Bill Wellburn

**Members:** Barbara Brink, Allan Cassidy, Chris Coleman, Jane Durante, David Everett, Christopher Fairbank, Lynda Hundleby, Wayne Hunter, Russell Irvine, Philippe Lucas, Susan Marsden, Dean Murdock, and William Oppen

### PROGRAM RESOURCE AND COMMUNICATIONS COMMITTEE

Provides advice to management in developing PCC programs, oversees the implementation and effectiveness of programs and makes recommendations to the Board.

**Committee Chair:** Barbara Brink

**Members:** Jane Durante, Chris Fairbank, Susan Marsden, William Oppen, and Bill Wellburn (ex-officio)

**Key Management Resource:** Director, Outreach

### FINANCE & AUDIT COMMITTEE

Oversees the PCC's real estate inventory, financial management and reporting, and makes recommendations to the Board.

**Committee Chair:** David Everett

**Members:** Allan Cassidy, Philippe Lucas, Dean Murdock, and Bill Wellburn (ex-officio)

**Key Management Resource:** CFO

### GOVERNANCE COMMITTEE

Reviews governance policies and procedures, oversees an annual evaluation of the Board, Board Chair and Board Committees, and makes recommendations to the Board.

**Committee Chair:** Russell Irvine

**Members:** Chris Coleman, Lynda Hundleby, Wayne Hunter, and Bill Wellburn (ex-officio)

**Key Management Resource:** CEO

### EXECUTIVE COMMITTEE

Sets agendas for Board meetings and planning sessions, provides a forum for initial review of policy proposals and initiatives brought forward by management, leads the annual review of the CEO's performance and makes recommendations to the Board.

**Committee Chair:** Bill Wellburn

**Members:** Barbara Brink, David Everett, and Russell Irvine

**Key Management Resource:** CEO

## SOCIAL STUDIES 10 UNIT

"I think this resource is totally outstanding. It is a brilliant website, and there is no question in my mind that this is award-winning material."

Adrian Hill

Open School BC project manager and former teacher



Parliament Buildings, Victoria, BC



## GOVERNANCE PRINCIPLES



Board Recognition Luncheon, November 18, 2008

Front Row: Wayne Hunter, Barbara Brink, Bill Wellburn (Chair), Bob Gillespie, Pam Madoff, Susan Marsden Back Row: Rob Hunter, Allan Cassidy, Chris Fairbank, Jane Durante, Geoff Young, Leif Wergeland Missing: Hy Freedman, Beth Campbell.

### RENEWAL

Board recruitment of the Order in Council directors is determined through a careful review of the skills and expertise required to effectively govern the PCC in order for it to achieve the goals set out in its Service Plan. The Chair, Vice-Chair and six other Order in Council appointees are chosen according to the government's merit-based appointment process, which targets an open, transparent and consistent process. The six municipal representatives are appointed in accordance with the Capital Commission Act.

### ORIENTATION

The Board Chair and Governance Committee Chair provide new directors with a detailed presentation on the PCC's enabling legislation, PCC history, governance processes, Service Plan, and current issues. Senior management provides incoming directors with an understanding of the PCC's day-to-day operations.

### CONTINUOUS GOVERNANCE IMPROVEMENT

Performance is evaluated annually to ensure that the Board of Directors, Board Chair and Board Committees are performing satisfactorily and to determine opportunities for improving effectiveness.

### INDEPENDENCE

Members of the Commission are required to act with honesty, integrity, confidentiality and in good faith. The PCC requires that each new director review and acknowledge his or her understanding of the principles expressed in the Board's Standards of Ethical Conduct.

### MANAGEMENT RELATIONSHIP

Directors engage with management in strategic planning sessions and approve the PCC's Service Plan that sets out the PCC's strategy and goals. The Annual Operating Plan is presented by management and approved by the Board. The CEO and CFO report to the Board and committees on current issues and projects and respond to questions and discussion. The Board reviews corporate performance quarterly against metrics outlined in the Service Plan.

### GOVERNANCE BEST PRACTICES DISCLOSURE

Best Practice Guidelines on Governance and Disclosure were issued by government in February 2005 and organizations requested to meet the disclosure standards by April 2006. The PCC has complied with all 12 disclosure requirements. The disclosure includes terms of reference for the Board and its committees, the Chair and the CEO. Director biographies, director attendance records, the number of board and committee meetings held during the year and Board minutes are also disclosed. This information can be found at:

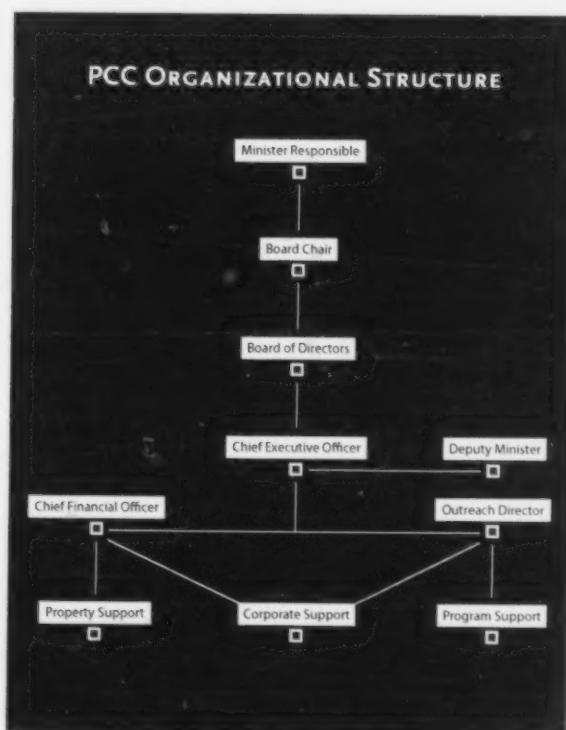
<http://www.bcpcc.com/board/governance.htm>

# MEMBERSHIP OF THE BOARD OF DIRECTORS OF THE BC PROVINCIAL CAPITAL COMMISSION AT MARCH 31, 2009

DIRECTOR	POSITION	FROM	APPOINTED
BILL WELLBURN	CHAIR	VICTORIA	ORDER IN COUNCIL
BARBARA BRINK	DIRECTOR	VANCOUVER	ORDER IN COUNCIL
ALLAN CASSIDY	DIRECTOR	VICTORIA	DISTRICT OF OAK BAY
CHRIS COLEMAN	DIRECTOR	VICTORIA	CITY OF VICTORIA
JANE DURANTE	DIRECTOR	VANCOUVER	ORDER IN COUNCIL
DAVID EVERETT	DIRECTOR	VANCOUVER	ORDER IN COUNCIL
CHRIS FAIRBANK	DIRECTOR	NELSON	ORDER IN COUNCIL
LYNDA HUNDLEBY	DIRECTOR	VICTORIA	TOWNSHIP OF ESQUIMALT
WAYNE HUNTER	DIRECTOR	VICTORIA	DISTRICT OF SAANICH
RUSSELL IRVINE	DIRECTOR	COURTENAY	ORDER IN COUNCIL
PHILIPPE LUCAS	DIRECTOR	VICTORIA	CITY OF VICTORIA
SUSAN MARSDEN	DIRECTOR	PRINCE RUPERT	ORDER IN COUNCIL
DEAN MURDOCK	DIRECTOR	VICTORIA	DISTRICT OF SAANICH
WILLIAM OPPEN	DIRECTOR	DAWSON CREEK	ORDER IN COUNCIL

## SENIOR MANAGEMENT TEAM AT MARCH 31, 2009

NAME	POSITION
RAY PARKS	Chief Executive Officer
RICK CROSBY	Chief Financial Officer
DENIS JOHNSTON	Director, Outreach and Engagement



# REPORT ON PERFORMANCE



Crystal Garden

The PCC operates under the Capital Commission Act with the authority that focuses principally on real property and beautification throughout the Capital Improvement District. The PCC's mandate was expanded in 2003 by direction from the Shareholder to bring pride of their Capital to all British Columbians and a representation of all regions of British Columbia to the Capital. The PCC has set out three goals around Outreach, property stewardship and corporate best practices

The key goal of the organization is to engage British Columbians in their Capital. The strategies are focused around targeted programs that reach out to British Columbians. The measures chosen look at the overall range of programming initiatives, the specifics of the Student Travel Subsidy program (a signature program targeting youth), a measure of the geographic reach of the programs and a sample of public responses to program initiatives.

The strategies of the PCC's second goal focus on maximizing opportunities from the PCC property portfolio to support the PCC's Outreach activities. Since revenue generation from the property portfolio supports the

continued good stewardship of these properties as well as the programs of the PCC, meeting revenue targets is essential. Key measures of success for this goal are to meet or exceed budget targets and to maximize revenues through creating modernized leases and leasing all available space while undertaking qualitative improvements to those spaces to ensure continued revenue potential.

Goal three focuses on activities of an effective public sector agency to meet the other two goals. By ensuring our own house is in order with good management practices, we are ensuring that the resources we manage on behalf of the public are being focused on the key goals.

The ten performance measures contained in this report have been chosen to highlight the PCC's most crucial aspects of performance. The targets and subsequent results provide meaningful insight into assessing the PCC's progress toward achieving its stated vision, delivering on its mission and living its values. Beginning on this page, we outline our goals from the past year and track our performance towards meeting these new goals. We have also set targets for each measure.



# GOAL ONE: BRITISH COLUMBIANS EMBRACE AND TAKE PRIDE IN THE CAPITAL

## STRATEGIES

- 1 Implement a series of Outreach programs and communications strategies to connect children and youth to their Capital and engage them in activities that manifest this connection.
- 2 Assess the impact and cost/benefit of Outreach strategies through internal monitoring and external surveys, and redesign or refine accordingly.
- 3 Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies.
- 4 Implement "signature programs" that will be strongly identified as the corporate mark of the PCC.
- 5 Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in the Capital.
- 6 Use the province-wide celebration of BC150 as a vehicle to launch or expand priority programs.

### MEASURE 1: Description and cumulative number of new Outreach programs

Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
2 new initiatives	+2 new initiatives <sup>2</sup>	+2 new initiatives	+2 new initiatives <sup>1</sup>	+2 new initiatives	+2 new initiatives
4 cumulative <sup>1</sup>	6 cumulative	8 cumulative	8 cumulative	10 implemented or completed	12 implemented or completed

<sup>1</sup> Community Visits, Student Travel Subsidy, "Capital Connections" videos, online unit for Social Studies 4/5.

<sup>2</sup> Capital Connections" Newsletter, BC150 Years videos.

<sup>3</sup> BC Day event, online unit for Social Studies 10

**NOTE:** For Measure 1, Future Performance, the PCC Board approved changing "cumulative" to "implemented or completed" in the current Service Plan to allow new programs to be added in place of programs dropped or completed, so that the model would not necessarily assume progressive increase of available resources or capacity in coming years.

### IMPORTANCE OF THE MEASURE

A diverse range of ongoing Outreach programs must be developed to achieve the PCC's vision of "connecting and celebrating the Capital with all British Columbians," given the diverse nature of the Province's geography, history and population. Last year's new initiatives were the PCC Newsletter and BC150 Years videos. This year the PCC produced Festival 150 and an online interactive website for Social Studies 10.

### BENCHMARK COMPARISON

It appears that there are capital commissions in other jurisdictions that could be used for comparison purposes. At the provincial level, these include provincial commissions for Quebec and New Brunswick; at the federal level, Canada's National Capital Commission and Australia's National Capital Authority.

However, all of them receive significant government support, while the PCC is fully self-sustaining. In addition, those commissions based in Canberra, Ottawa and Quebec City are a great deal larger than BC's PCC, while the one in Fredericton is much smaller and has no property stewardship component. PCC staff are currently researching program offerings of these and other organizations to determine whether some useful comparisons can be derived.

### DATA SOURCE / REPORTING PERIOD

Staff monitors this measure throughout the year and tabulates it at year-end. As the count is small, high accuracy is not difficult to attain. For transparency, PCC management posts new programs on our public website and reports this figure quarterly to the Board. Variance: nil



MEASURE 2: Level of participation in PCC Outreach programs targeted for children and youth					
Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
New measure	Baseline established	+5% from baseline	+74% from baseline	+7% from baseline	+10% from baseline
Student Travel Subsidy program developed	2400 students (2374 students from 60 schools province-wide)	2520	(4253 students from 92 schools province-wide)	2568	2640

**NOTE:** The New Brunswick Provincial Capital Commission recently launched a program modeled on our Student Travel Subsidy program.

### IMPORTANCE OF THE MEASURE

PCC Board has directed staff to emphasize programs for children and youth: they are the future of the Province. Last year's baseline was established and this year's results significantly exceeded expectations.

### BENCHMARK COMPARISON

The only other jurisdiction we are aware of to provide subsidies for students to travel to the Capital city is Australia which has a similarly-structured per capita program with the subsidy based on distance traveled. The program is called the Parliament and Civics Education Rebate (PACER). It currently supports 30,000 students a year to travel to the national capital at Canberra, Australia.

### DATA SOURCE / REPORTING PERIOD

Final reports received from schools and youth groups participating in Student Travel Subsidy program for travel in the 2008 calendar year. Because reporting lags behind travel, figures from the calendar year are a more reliable indicator of actual activity than planned activity in the fiscal year April 2008 to March 2009. In addition, actual numbers are lower than approved numbers, due to some groups cancelling travel plans.

Uptake on the Student Travel Subsidy program continues to increase dramatically as word spreads about its availability. In addition, the PCC realigned funding levels in 2008/09 to greatly increase funds available for groups in more remote areas of the province. We expect continued increases, though likely more modest, in the next two years.

MEASURE 3: Number and geographic location of communities participating in PCC Outreach and PCC-sponsored events and activities					
Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
New measure	Baseline established	+5% from baseline	+30% from baseline	+7% from baseline	+10% from baseline
	60 (57 communities participated)	63	82 communities participated	64	66

### IMPORTANCE OF THE MEASURE

To achieve the Vision of the PCC, the effect of Outreach programs must reach far beyond the Capital region into all parts of the Province. In addition, since different people "connect" in different ways, it is desirable that a broad range of programs be offered or supported. Last year's baseline was established using communities participating in Student Travel, community visits, and Communities in Bloom.

### BENCHMARK COMPARISON

See benchmark comparison for Goal 1, Measure 1, page 12.

### DATA SOURCE / REPORTING PERIOD

Manual survey of internal files with details of communities participating in Student Travel Subsidy, community visits and Communities in Bloom, plus (in 2008/09) communities participating in PCC-sponsored BC Day events (2) and the PCC-supported Royal BC Museum's Free Spirit Conservation Tour (6).

Increase driven primarily by increased uptake in Student Travel Subsidy program (+14 communities over previous year) and PCC sponsorship of Free Spirit Conservation Tour (+6 communities).

MEASURE 4: Participant and community assessment of the quality and effectiveness of PCC Outreach programs					
Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
New Measure	Results reported	Maintain positive assessments	See comments throughout this report	Maintain positive assessments	Maintain positive assessments

#### IMPORTANCE OF THE MEASURE

Feedback from communities around the province is essential to tailoring the PCC's Outreach programs to the needs and wants of the public. Feedback is systematically collected from community visits and student travel programs, and is collected wherever possible for other programs as well: a selection of commentary is included in this report. In addition, a client satisfaction survey was developed last year for the Student Travel Subsidy program.

#### BENCHMARK COMPARISON

n/a – subjective measure.

#### DATA SOURCE / REPORTING PERIOD

Selected anecdotal responses are included throughout this report; larger samples are available on request.

## GOAL TWO: EFFECTIVE MANAGEMENT OF PROPERTY ASSETS TO OPTIMIZE REVENUES AND OPPORTUNITIES ON A SELF SUSTAINING BASIS

### STRATEGIES

- 1 Identify opportunities to optimize revenue from property assets.
- 2 Rationalize property assets consistent with the PCC Property Plan and government direction.
- 3 Follow sound risk management practices by implementing plans to manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost / benefit implications

MEASURE 5: Annual Revenues from all corporate assets					
Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
\$3.1 million	\$3.3 million	\$3.2 million	\$3.5 million	\$3.4 million	\$3.4 million

#### IMPORTANCE OF THE MEASURE

Achieving revenue targets is a measure of performance in optimizing revenues from property assets. Revenue growth is essential in expanding available resources for the province-wide delivery of Outreach programs. Improvements to revenue streams have been developed by moving all leased spaces to triple net formulas and maximizing occupancy on all tenantable spaces.

#### BENCHMARK COMPARISON

Rents are based on industry standards and market rates for comparable spaces (office, storage, waterfront, etc). Management of parking lot assets is contracted to firms with appropriate expertise and resources with knowledge of local market rates and benchmark standards.

#### DATA SOURCE / REPORTING PERIOD

Reported financial data is taken from internal financial accounting systems and confirmed by external year-end financial audits following generally accepted accounting principles, thus ensuring a high level of accuracy and reliability for the data.

#### LEGISLATURE'S POSTER CONTEST

"We had a fabulous time in Victoria...What an amazing experience for the whole family."

Natalie V  
Port Alberni

**MEASURE 6: Qualitative improvements to property management**

Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
9 new improvements	10 new improvements	Report Annually <sup>1</sup>	9 new improvements	Measure no longer to be reported	Measure no longer to be reported
9 cumulative	19 cumulative		28 cumulative		

<sup>1</sup>2008/09 qualitative property improvements include building upgrades to the Crystal Garden and Visitor Information Centre, Blackball Ferry terminal upgrades, parking lot improvements at Enterprise Wharf and Ship Point, a comprehensive study of PCC green space properties, four lease extensions, resolution of access and licensing issues, and efficiencies in certain property maintenance expenses.

**IMPORTANCE OF THE MEASURE**

Qualitative improvements in property management are a basis for measuring the PCC's commitment to continuous improvement in meeting public expectations for stewardship over its property assets. These assets include heritage buildings, future development sites, parks and open space properties.

**BENCHMARK COMPARISON**

The measure is a benchmark of the organization's demonstrated success in managing its property assets compared to the 2005/06 base year. As actual results have exceeded performance expectations the measure is being phased out in future years with activities incorporated into the annual operating plan.

**DATA SOURCE / REPORTING PERIOD**

Data reported by the PCC is on a fiscal year basis. As part of the Provincial Capital Commission's 2009/10 – 2011/12 Service Plan, this measure has been replaced by measures to implement the PCC Climate Action Plan.

**PROPERTIES**

"The PCC has been an exemplary organization looking after public resources and providing the type of heritage stewardship we'd like to see."

Don Luxton  
Heritage consultant

**MEASURE 7: Percentage of occupied lease space in heritage buildings**

Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
92%	95%	>95%	100% of rentable space	>95%	>95%
				Measure no longer to be reported	Measure no longer to be reported

**IMPORTANCE OF THE MEASURE**

The percentage of occupied lease space complements Measure 5 by demonstrating the effectiveness of managing property assets to optimize revenues. Core properties related to this measure include the Crystal Garden, Visitor Information Centre, and the Belleville Street properties which include the CPR Steamship Terminal building and Inner Harbour ferry terminal facilities. Actual occupancy rate of 100% of leased space exceeds target expectations. The Stores Building is currently not rentable and remains available for temporary storage.

**BENCHMARK COMPARISON**

This measure is a benchmark of the organization's demonstrated ability to fully utilize its property assets compared to the 2006/07 base year. As full occupancy has been achieved, the measure is being phased out in future years but will continue to be a business goal as part of the annual operating plan.

**DATA SOURCE / REPORTING PERIOD**

The PCC measures its annual performance on a fiscal year basis.



# GOAL THREE: SOUND GOVERNANCE AND RESULTS-ORIENTED MANAGEMENT OF THE PCC

## STRATEGIES

- 1 Embrace government's Climate Action Strategy.
- 2 Continue with best practices in corporate governance.
- 3 Monitor implementation of enterprise-wide risk management.
- 4 Maintain highest standards of management and financial reporting.
- 5 Establish budget targets based on available financial resources.
- 6 Evaluation of the Board, CEO and Board Chair

MEASURE 8: Qualitative improvements in business processes and governance					
Past performance		2008/09 performance		Future performance	
2006/07	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
Baseline established				To be reported annually	To be reported annually
4 qualitative improvements implemented	6 qualitative improvements implemented	3 qualitative improvements	5 qualitative improvements <sup>1</sup>		
4 cumulative	10 cumulative		15 cumulative		

<sup>1</sup>2008/09 qualitative improvements includes the creation of an Advisory Design Panel and additional Board-approved policy initiatives. Corporate administration improvements include staff succession planning, telecommunication equipment upgrades and other capital maintenance.

### IMPORTANCE OF THE MEASURE

Measuring performance in this area is important to achieving continuous improvement and efficiency in business operations and governance.

### BENCHMARK COMPARISON

This measure is a benchmark of the organization's demonstrated ability to achieve continuous improvement in its governance and corporate administrations compared to the 2006/07 base year.

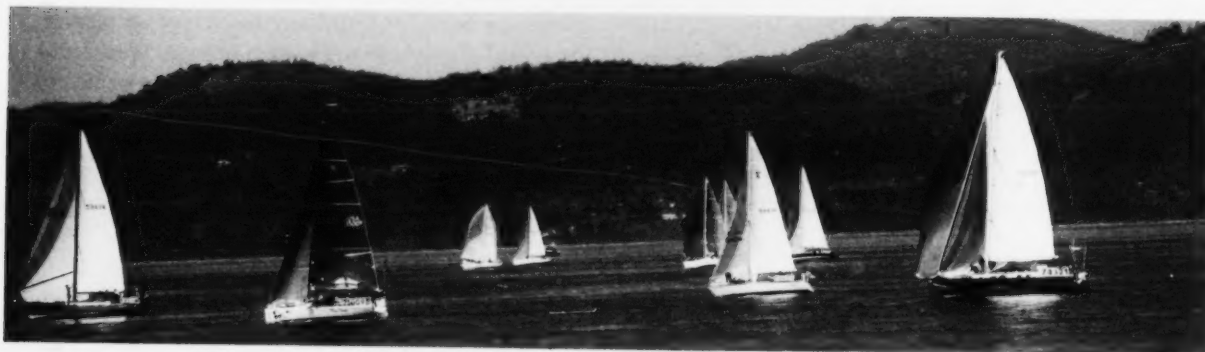
### DATA SOURCE / REPORTING PERIOD

Data is reported on a fiscal year basis.

### SOCIAL STUDIES 4/5 UNIT

"I found it to be fabulous. Thanks for the great site. I can't wait for the students to do some exploring on it next year."

Shelley J



Swiftsure International Yacht race is one of many events supported by the PCC

**MEASURE 9: Board governance and corporate support costs as a percentage of budgeted revenues**

Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
14%	13%	<15%	14% <sup>1</sup>	<15%	<15%

<sup>1</sup>2008/09 actual performance is based on actual revenues. Actual costs included one-time staff succession planning costs which were deliberately offset by increased revenue.

**IMPORTANCE OF THE MEASURE**

This measure is intended to demonstrate efficiency in business operations and governance.

**BENCHMARK COMPARISON**

The expense ratio of overhead costs against revenue is a general standard industry measure for assessing the operational efficiency of an organization. Public sector

standards in Canada range from 15% - 40% depending on the nature of the service delivery. (<http://www.ucalgary.ca/research/compliance/policies/14/>)

**DATA SOURCE / REPORTING PERIOD**

The measure is a ratio of costs for corporate support and governance compared to total revenues. Results are reported annually by fiscal year based on audited financial statements.

**MEASURE 10: Self-sustaining operations**

Past performance		2008/09 performance		Future performance	
2006/07 Actual	2007/08 Actual	2008/09 Target	2008/09 Actual	2009/10 Target	2010/11 Target
Achieved budget	Achieved budget	Achieve budget	Achieved surplus	Achieve budget	Achieve budget

**IMPORTANCE OF THE MEASURE**

As a self-sustaining Crown corporation, the PCC is required to manage its annual operating requirements without incurring an operating deficit. On Board approval, restrictions of retained earnings may be applied to fund capital maintenance or special program initiatives such as Festival 150.

**BENCHMARK COMPARISON**

As a Crown agency with a unique mandate in Canada, it is difficult to set a benchmark against other similar

organizations. PCC finances are conservatively forecast, and plan for a \$50,000 net operating surplus based on self-sufficiency, while providing outreach programming to the people of British Columbia

**DATA SOURCE / REPORTING PERIOD**

Results are based on audited financial statements. The actual operating surplus of \$106,292 compared to a budget target of \$50,000 documented in the 2008/09 Audited Financial Statements.



Living Colour display launching Victoria's one year countdown to the Vancouver 2010 Olympics



# PROGRESS AGAINST SHAREHOLDER'S LETTER OF EXPECTATIONS

BELOW ARE THE SPECIFIC DIRECTIONS OUTLINED IN THE SHAREHOLDER'S LETTER OF EXPECTATIONS AND PCC'S ACTIONS IN FISCAL 2008/09.

SPECIFIC DIRECTION		PCC ACTION
Develop and implement the Corporation's plan for commemorating and celebrating BC150 Years in consultation with the Minister and commensurate with any funding approvals by the Ministry	▶	<ul style="list-style-type: none"> <li>• Produced Festival 150, a major public celebration on the BC Day long weekend</li> <li>• Produced a series of BC150 historical videos for province-wide broadcast, and ongoing Internet access</li> <li>• Implemented BC150's design for street banners</li> <li>• Partnered in the Office of the Legislature Speaker's BC150 poster contest.</li> </ul>
Continue to work collaboratively with provincial, municipal and non-profit agencies on Outreach activities that create awareness of the Capital as a special place for all British Columbians, that honour First Nations' heritage and showcase the Capital	▶	<ul style="list-style-type: none"> <li>• Partnered on the Royal BC Museum's Free Spirit Exhibition and Free Spirit Conservation Tour</li> <li>• Sponsored the North American Indigenous Games</li> <li>• Supported the 2nd annual Aboriginal Day in the Capital celebration</li> <li>• Partnered in the 150th anniversary celebration of St. Ann's Academy, a project of the Friends of St. Ann's Academy</li> <li>• Brought the National Historica Fair to the Capital as well as providing support and personnel</li> <li>• Partnering with the BC Heritage Fair Society to support the 2nd annual provincial fair</li> <li>• Partnered in supporting the Tall Ships Festival, Dragon Boat Festival, BC Youth Parliament, BC Communities in Bloom.</li> </ul>
Continue to expand Outreach Programs and continue to develop an Outreach Plan for new initiatives, including determining financial and staffing requirements for approval by the Minister in excess of the approved budget and full-time equivalents complement	▶	<ul style="list-style-type: none"> <li>• Produced new Capital-themed Social Studies10 unit</li> <li>• Increased Student Travel Subsidy program by 30%</li> <li>• Undertook our fourth annual Outreach community visit, this time to the South Okanagan</li> <li>• Hosted the annual conference of the Canadian Capital Cities Organization in British Columbia's Capital City</li> <li>• Provided advice to emerging provincial and territorial Capital Commissions</li> <li>• Participated in exhibitions and trade fairs including the Greater Victoria Spirit Committee's Living Colours celebration.</li> </ul>

SPECIFIC DIRECTION		PCC ACTION
Work with the Ministry of Labour and Citizens' Services on highest and best use decisions related to the divestiture of non-core property assets (including consideration of the Shareholder's commitment to the New Relationship with First Nations, housing and transportation) and continue to divest non-core properties	▶	The PCC continues to work collaboratively with government stakeholders including Accommodation and Real Estate Services, the Ministry of Aboriginal Relations and Reconciliation, and the Ministry of Transportation and Infrastructure in divesting non-core property assets.
Ensure that annual expenditures do not exceed annual revenues	▶	Achieved.
In support of good communication, the Board will provide opportunities to engage the Minister in dialogue throughout the year	▶	Complete.
Provide the Minister with a copy of the annual performance expectations for the Chief Executive Officer	▶	Complete.
Comply with the Shareholder's requirements to make the public sector carbon neutral by 2010, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations.	▶	The Provincial Capital Commission is complying with the Shareholder's requirements. Climate Action Plan performance measures have been included in the updated PCC Service Plan released in February 2009.

## RISKS AND SENSITIVITIES

Risk management encompasses all activities the PCC undertakes in order that risks are identified, understood and managed so that strategic and operational objectives will be achieved. Strategic and business planning feature prominently among these activities. Senior management identifies risks through scanning and reviewing the PCC's strengths, weaknesses, opportunities and threats as part of the annual operations planning process. The development of strategies to achieve these objectives and the performance measurement system used to track progress provide significant assurance that expected results will be achieved and that mitigation strategies have been utilized to the fullest extent possible.

The PCC's risk management activities also consist of clearly communicated authorities and accountabilities and a range of policies and procedures. The following table summarizes the PCC's operational risks and sensitivities and mitigation strategy for each.

AREA OF RISK	RISK/SENSITIVITY	MITIGATION
<b>Outreach Programs</b>	Funding is linked to forecasts of net property revenue.	Revenue growth from property assets exceeded 08/09 budget target. Outreach spending was increased in 08/09 with further planned increase for 09/10.
<b>Properties</b>	<p>Belleville property revenue streams may be impacted by future Inner Harbour development.</p> <p>Tenant income is sensitive to building occupancy and rent from percentage of sales, where applicable.</p> <p>Future capital maintenance and heritage building remediation is conditional on source funding.</p>	<p>Current leases with ferry terminal operators extend to 2014; assessment of long-term re-development options continues.</p> <p>Tenant income exceeded budget target. All rentable space is currently leased to tenants.</p> <p>All occupied heritage buildings have been seismically upgraded, except for CPR Steamship Terminal upgrade to be completed. Minor capital maintenance is focused on essential risk management based on available retained earnings. Federal funding held for the Belleville Port Facility must be utilized by December, 2011.</p>
<b>Staffing</b>	Succession Planning – 50% of PCC staff are eligible for retirement within 5 years.	PCC Board and management are developing and implementing succession plans at both the board and staff level. Board appointments are sensitive to Order in Council and municipal appointment terms. Staff succession plan was initiated December, 2008.

# FINANCIAL REPORT

## MANAGEMENT DISCUSSION & ANALYSIS

*This Management Discussion and Analysis should be read in conjunction with the financial statements and accompanying notes. Amounts reported may be rounded for discussion purposes.*

### OPERATIONAL OVERVIEW

As part of the Commission's annual Service Plan update, the Board approves a three-year financial outlook for revenues, expenses, investment in capital assets, and retained earnings (also referred to as restricted and unrestricted net assets). Based on anticipated revenues, a plan for expenses is set to achieve the goals in the Service Plan. The financial outlook is achieved on a self-sustaining basis.

Financial performance for 2008/09 was planned on the following key principles as stated in the 2008/09 – 2010/11 Service Plan:

- The outlook for revenues, expenditures and investment in capital assets is based on self-sustainability.
- Revenue projections are based on current capacity and use of property assets.
- Revenue increases fund growth in the delivery of Outreach programs.
- The outlook provides for government negotiated cost-of-living wage adjustments and cost inflation on property expenses.
- Service Plan goals are to be achieved within current staff capacity.
- Allowance for capital maintenance uses available retained earnings capacity.

### OVERVIEW OF 2008/09 REVENUE

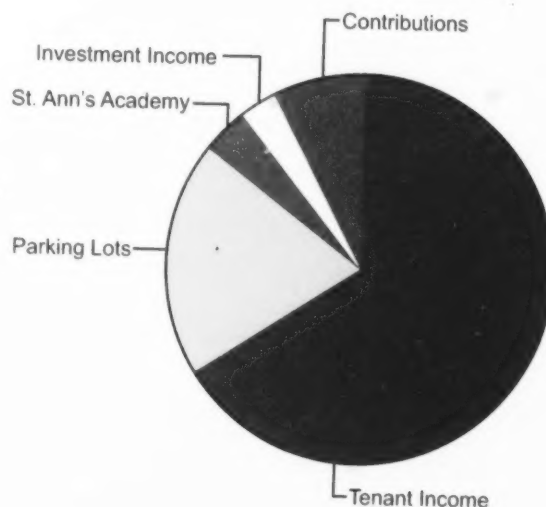
Revenue is primarily generated from PCC property assets. This includes tenant income received through lease and license agreements, and revenue from future development sites on the Inner Harbour currently used for parking lots. In 2008/09, tenant income and revenue from future development sites account for 85% of total revenue.

Revenue is also generated from St. Ann's Academy Interpretive Centre, investment income on cash and short-term investments, and deferred contributions. Revenue from deferred capital contributions includes assets that were divested from or funded by the federal and provincial governments in prior years. In accordance with generally accepted accounting principles, the initial contributions were deferred and a portion is recorded as revenue each year to match the amortization expense of the related asset acquired.

Current year operating results also include proceeds of \$281,554 from a property disposition to the Province, net of expenses, which was reported separately.

### OPERATING REVENUE

REVENUE	Planned	Actual	Actual %
Tenant Income	\$2,150,000	\$2,312,294	65%
Parking Lots	\$650,000	\$724,404	20%
St. Ann's Academy	\$100,000	\$127,311	4%
Investment Income	\$100,000	\$99,117	3%
Contributions	\$225,000	\$280,009	8%
<b>TOTAL</b>	<b>\$3,225,000</b>	<b>\$3,543,135</b>	<b>100%</b>



## OVERVIEW OF 2008/09 EXPENSES

Expenses are aligned with the Service Plan goals. A description of expenses for each goal is as follows:

**PROGRAMS** includes Outreach expenses and administration (\$975,761), and the St. Ann's Interpretive Centre (\$274,267).

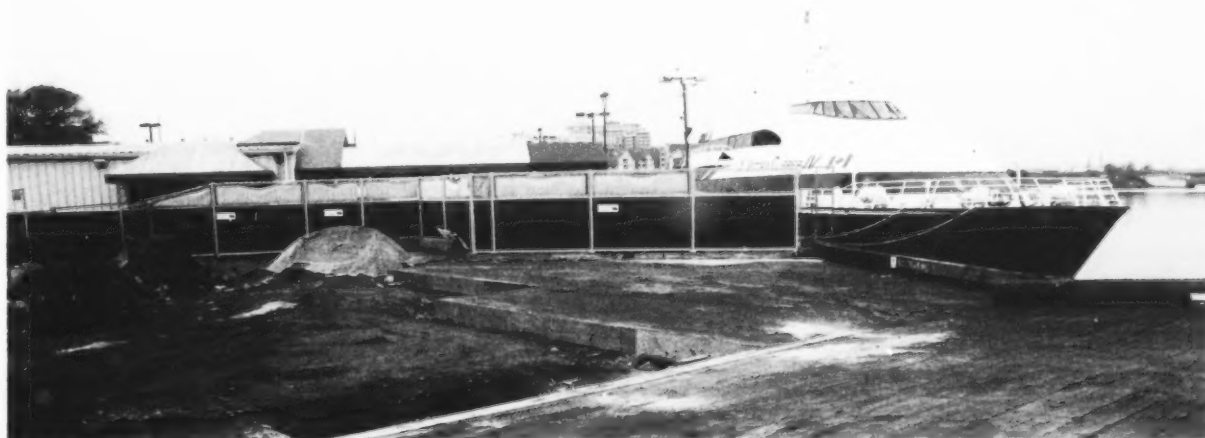
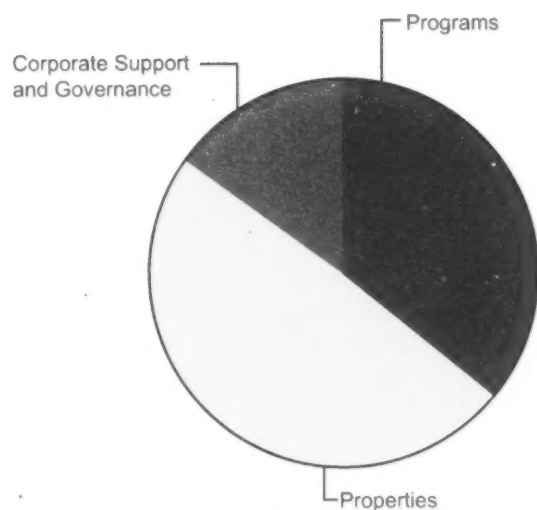
**PROPERTIES** includes operating expenses (\$861,291), property management administration (\$454,596), and amortization (\$361,443) for all properties excluding St. Ann's Academy and the PCC head office at 613 Pandora Avenue, Victoria. Operating expenses include utilities, maintenance, and insurance. Property management activities include the administration of commercial lease and license agreements, operating and capital maintenance of the PCC property inventory, special events coordination, and stewardship of the PCC property inventory.

**CORPORATE SUPPORT AND GOVERNANCE** includes corporate administration (\$424,647), Board and Committee meeting expenses (\$48,222) and amortization of head office building and equipment (\$36,616).

In 2008/09, operating results also included current year Festival 150 expenses. (\$603, 870). Total PCC funding for the event (\$826, 370) over two fiscal years was authorized through a Board approved restriction of retained earnings in 2007/08 and 2008/09.

## OPERATING EXPENSES

REVENUE	Planned	Actual	Actual %
Programs	\$1,200,000	\$1,250,028	36%
Properties	\$1,555,000	\$1,677,330	49%
Corporate Support and Governance	\$420,000	\$509,485	15%
<b>TOTAL</b>	<b>\$3,175,000</b>	<b>\$3,436,843</b>	<b>100%</b>



Black Ball Ferry Line wharf repair with the Victoria Clipper IV in background



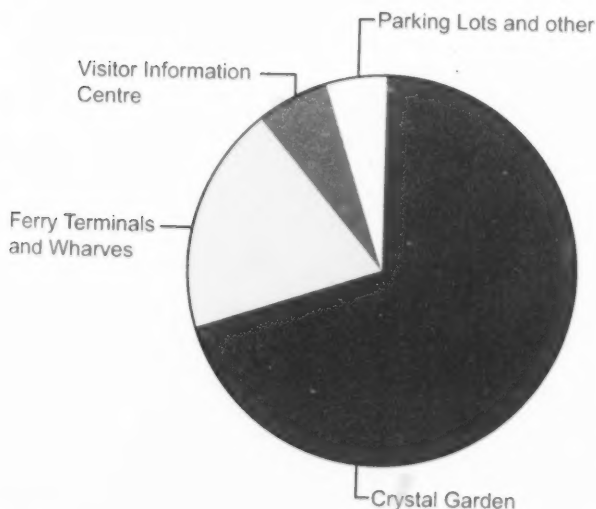
## INVESTMENT IN CAPITAL ASSETS

The Commission's property assets are located within the Capital region and have a current assessed value of \$115 million. The inventory includes heritage buildings, Inner Harbour ferry terminals and development sites currently used as parking lots. The inventory also includes parks located in several municipalities, and greenspace properties along the Trans-Canada Highway view corridor to the Capital. Building remediation and capital maintenance is financed from the Commission's retained earnings, contributions from the federal and provincial governments, and tenants. Capital projects over \$200,000 require the authorization of the provincial government through Order in Council.

The PCC invested \$370,951 in capital maintenance during the year, net of third party contributions. In total, the PCC has invested \$5.0 million in capital asset maintenance since 2003. This work includes upgrades to the Crystal Garden, Visitor Information Centre, Inner Harbour ferry terminal facilities, and parking lots.

### INVESTMENT IN CAPITAL ASSETS (\$Millions)

2003 - 2009	Investment	Actual %
Crystal Garden	\$3.5	70%
Ferry Terminals and Wharves	\$0.9	19%
Visitor Information Centre	\$0.3	6%
Parking Lots and other	\$0.2	5%
<b>TOTAL</b>	<b>\$5.0</b>	<b>100%</b>

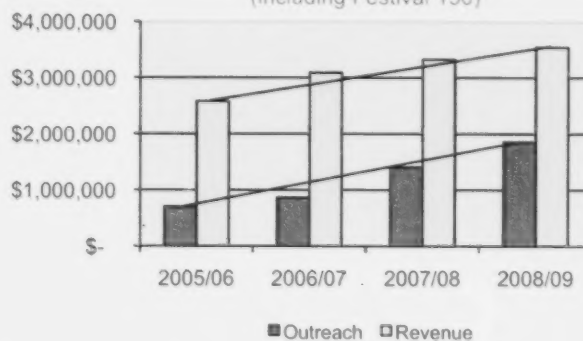


FINANCIAL SUMMARY (\$thousands)	2006/07 Actual	2007/08 Actual	2008/09 Plan*	2008/09 Actual	2009/10 Plan*	2010/11 Forecast*	2011/12 Forecast*
Revenue	3,088	3,322	3,225	3,543	3,375	3,400	3,425
Expenses							
Programs	(865)	(1,186)	(1,200)	(1,250)	(1,265)	(1,265)	(1,265)
Properties	(1,480)	(1,591)	(1,555)	(1,677)	(1,615)	(1,640)	(1,665)
Corporate Support and Governance	(373)	(401)	(420)	(509)	(445)	(445)	(445)
Total Operating Expenditures	(2,718)	(3,178)	(3,175)	(3,436)	(3,325)	(3,350)	(3,375)
Excess of revenue over expenditure from operations	370	144	50	107	50	50	50
Property-land disposition, net of expenses**	-	645	-	282	-	-	-
Funded from restrictions of retained earnings							
BC150 Celebrations - Festival 150	-	(223)	(604)	(604)	-	-	-
Greenways Program	(35)	-	-	-	-	-	-
Investment in Capital Assets (net of contributions)	(228)	(195)	(400)	(371)	(500)	(150)	(150)
Retained Earnings (end of year) ***	838	1,322	950	912	700	850	1,000
Debt****	-	-	-	-	-	-	-
Full Time Equivalents (FTEs)	11	12	12	12	12	12	12
*The 2008/09 plan for Festival 150, Greenways Program, Investment in Capital Assets and Retained Earnings have been updated to reflect Board authorizations during 2008/09. The 2009/10 plan and out year forecasts are based on the updated Service Plan for 2009/10 - 2011/12.							
**Property dispositions are authorized by Order in Council.							
***Changes in actual retained earnings are reported through the Statement of Changes in Net Assets included in the Commission's annual financial statements.							
****The Capital Commission Act does not provide for borrowing authority.							

## HIGHLIGHTS OF 2008/09 FINANCIAL PERFORMANCE

- **Operating surplus:** a surplus of \$106,292 from core operations was due mainly to increased revenue from tenant income and parking lots.
- **Revenue:** total operating revenue of \$3,543 million is up over \$220,000 or 7% from the prior year. Since the shareholder's revision to the PCC mandate in 2003, the PCC has achieved an increase tenant income from its properties of almost \$1.0 million or 68% to \$2.3 million to finance the delivery of its programs.
- **Expenses:** total operating expenses of \$3,436 million were higher than planned due to operational requirements, and were offset by higher than planned revenues. Total program spending in 2008/09 including Festival 150 was \$1.854 million.

OUTREACH PROGRAMS  
(including Festival 150)



- **Property – land disposition:** net proceeds of \$281,554 were realized from a disposition of PCC land to the provincial government authorized by Order in Council 545/08 and have been applied to retained earnings as unrestricted net assets.

- **Festival 150:** the total PCC contribution of \$826,370 over 2007/08 and 2008/09 authorized through a Board restriction of retained earnings. The initial Service Plan amount of \$600,000 was increased to cover additional event production, project management, and program evaluation expenses.
- **Investment in Capital Assets:** the PCC investment of \$370,951 in capital assets during the year includes completion of seismic upgrades and restoration of the Sperry Beacon at the Visitor Information Centre, and wharf maintenance at the Black Ball Ferry terminal and Ship Point properties.
- **Retained earnings:** total unrestricted retained earnings were \$911,524 at year end. There are currently no restricted amounts. Compared to retained earnings of \$1,322 million at March 31, 2008, the decrease reflects Board authorizations for Festival 150 and investment in capital assets in 2008/09.
- **Balance Sheet:** cash and short term investments at March 31, 2009 total \$2.230 million. Approximately \$1 million represents a deferred operating contribution received in 2001 from Transport Canada for the Belleville Port Facility which must be fully utilized by December, 2011.
- **Full Time Equivalents (FTEs):** the Commission is operating at its authorized staffing level of 12 FTEs, with 50% of the total FTEs dedicated to program delivery (6). The balance are allocated to property management (3) and corporate administration (3). Seasonal auxiliary support staff are also utilized at the St. Ann's Interpretive Centre.

#### STUDENT TRAVEL SUBSIDY PROGRAM

"This experience adds to the quality of life at Kumsheen."

Kumsheen Elementary School  
Lytton

#### FINANCIAL OUTLOOK 2009/10: LOOKING AHEAD

In the updated Service Plan 2009/10 - 2011/12, the 2009/10 Plan is based on a conservative revenue forecast of \$3.375 million and expenses of \$3.325 million. Retained earnings provide for investment in capital assets of \$0.500 million. The PCC Board has directed forecast revenue growth from property assets into expanding the delivery of province-wide Outreach programs. The 2009/10 plan includes an increase in total program funding to \$1.265 million.

In meeting its property stewardship responsibilities, the Commission will continue to manage its assets and build reserve capacity to make the necessary investments towards maintaining and enhancing its heritage properties for future generations of British Columbians.

#### INFORMATION ON SUBSIDIARIES

The Provincial Capital Commission does not have any subsidiaries.

#### OPERATING SEGMENT INFORMATION

The Provincial Capital Commission does not have any operating segments.



Tall Ships Festival







PROVINCIAL CAPITAL COMMISSION

# FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

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PROVINCIAL CAPITAL COMMISSION

## **Provincial Capital Commission Financial Statements**

Year Ended March 31, 2009

### **Management's Responsibility for Financial Reporting**

The financial statements of the Provincial Capital Commission have been prepared by management in accordance with Canadian generally accepted accounting principles. Any financial information contained elsewhere in this report has been reviewed to ensure consistency with the financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of financial statements in a timely manner.

Grant Thornton LLP has performed an independent audit of the financial statements of the Provincial Capital Commission. The Auditors' Report outlines the scope of this independent audit and expresses an opinion on the financial statements of the Provincial Capital Commission.

Richard Crosby, C.G.A.  
Chief Financial Officer and  
Acting Chief Executive Officer

Sean Nacey  
Manager of Accounting

Victoria, British Columbia  
May 7, 2009



## Auditors' Report

To the Members of the Board of Directors of the Provincial Capital Commission, and  
To the Minister of Tourism, Culture and the Arts, Province of British Columbia

We have audited the statement of financial position of the Provincial Capital Commission as at March 31, 2009 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

The Commission has reported Board approved budget information in the statement of operations. This budget information is not included in our audit scope and should not be considered as part of the audited statements on which we have expressed an opinion.

*Grant Thornton LLP*

Victoria, Canada  
May 7, 2009

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# Provincial Capital Commission Statement of Financial Position

As at March 31

2009

2008

## Assets

### Current

Cash and short-term investments (Note 3)	\$ 2,230,539	\$ 2,704,277
Accounts receivable	112,712	80,886
Prepaid expenses	72,352	88,507
	<u>2,415,603</u>	<u>2,873,670</u>

Capital assets (Note 4)	<u>17,688,892</u>	<u>17,817,065</u>
	<u>\$ 20,104,495</u>	<u>\$ 20,690,735</u>

## Liabilities

### Current

Accounts payable and accrued liabilities	\$ 312,343	\$ 211,175
Due to Province of British Columbia (Note 8)	79,108	192,853
Deferred revenue	122,951	69,406
	<u>514,402</u>	<u>473,434</u>

Deferred operating contributions (Note 5)	989,660	1,078,037
Deferred capital contributions (Note 6)	3,188,506	3,336,313
	<u>4,692,568</u>	<u>4,887,784</u>

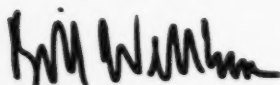
## Net Assets

Invested in capital assets	14,500,403	14,480,769
Restricted for Greenways (Note 7)	-	95,000
Restricted for BC150 Celebrations (Note 7)	-	377,500
Unrestricted	911,524	849,682
	<u>15,411,927</u>	<u>15,802,951</u>
	<u>\$ 20,104,495</u>	<u>\$ 20,690,735</u>

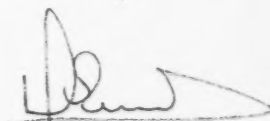
See accompanying notes to the financial statements including:

- Commitments (Note 9)
- Contingent liability (Note 10)

On behalf of the Board:



Bill Wellburn  
Chair, Board of Directors



David Everett  
Chair, Finance and Audit Committee

# Provincial Capital Commission Statement of Operations

Year ended March 31

	2009 Plan	2009 Actual	2008 Actual
<b>Revenue</b>			
Commercial activities:			
Tenants	\$ 2,150,000	\$ 2,312,294	\$ 2,195,330
Parking lots	650,000	724,404	686,824
St Ann's Academy	100,000	127,311	94,544
Investment income	100,000	99,117	109,426
Contributions:			
Operating – Port Facility (Note 5)	45,000	88,377	44,160
Capital – contributed assets (Note 6)	180,000	191,632	191,632
	<u>\$ 3,225,000</u>	<u>\$ 3,543,135</u>	<u>\$ 3,321,916</u>
<b>Expenses</b>			
Programs:			
Outreach expenses and administration	\$ 950,000	\$ 975,761	\$ 923,098
St. Ann's Interpretive Centre			
Operating expenses and administration	235,000	258,775	247,932
Amortization	15,000	15,492	15,522
	<u>1,200,000</u>	<u>1,250,028</u>	<u>1,186,552</u>
Properties:			
Operating expenses	740,000	861,291	770,582
Property management and administration	440,000	454,596	464,957
Amortization	375,000	361,443	355,250
	<u>1,555,000</u>	<u>1,677,330</u>	<u>1,590,789</u>
Corporate Support and Governance:			
Corporate administration	330,000	424,647	335,907
Board and committee meetings	55,000	48,222	34,838
Amortization	35,000	36,616	30,222
	<u>420,000</u>	<u>509,485</u>	<u>400,967</u>
	<u>\$ 3,175,000</u>	<u>\$ 3,436,843</u>	<u>\$ 3,178,308</u>
Excess of revenue over expenses from operations	\$ 50,000	\$ 106,292	\$ 143,608
Property activities:			
Property – land disposition, net (Note 8)	-	281,554	645,367
Belleville Terminal Project - development costs (Note 4)	-	(175,000)	-
Programs funded from restricted net assets:			
BC150 Celebrations – Festival 150	(603,870)	(603,870)	(222,500)
(Deficiency) excess of revenue over expenses	\$ (553,870)	\$ (391,024)	\$ 566,475

See accompanying notes to the financial statements.





## Provincial Capital Commission Statement of Changes in Net Assets

Year Ended March 31

	Invested in Capital Assets	Restricted		Unrestricted	Net Assets 2009	Net Assets 2008
		Greenways	BC150 Celebrations			
Balance, beginning of year	\$ 14,480,769	\$95,000	\$377,500	\$ 849,682	\$ 15,802,951	\$ 15,236,476
Excess (deficiency) of revenue over expenses from operations	(176,317)			282,609	106,292	143,608
Property – land disposition, net (Note 8)				281,554	281,554	645,367
Belleville Terminal Project – development costs (Note 4)	(175,000)				(175,000)	-
Programs funded from restrictions: (Note 7)						
- BC150 Celebrations – Festival 150			(603,870)		(603,870)	(222,500)
Investment in capital assets	370,951			(370,951)	-	-
Board approved restrictions: (Note 7)						
- BC150 Celebrations – Festival 150			226,370	(226,370)	-	-
- Transfer to Unrestricted		(95,000)		95,000	-	-
Balance, end of year	\$ 14,500,403	\$ -	\$ -	\$ 911,524	\$ 15,411,927	\$ 15,802,951

See accompanying notes to the financial statements.

## Provincial Capital Commission Statement of Cash Flow

Year ended March 31	2009	2008
Increase (decrease) in cash		
<b>Cash flow from operating activities</b>		
Excess of revenue over expenses from operations	\$ 106,292	\$ 143,608
Exclude: non-cash revenues and expenses		
Revenue from deferred contributions	(325,610)	(332,892)
Amortization expense	413,551	400,993
Change in non-cash operating working capital	(73,288)	131,411
	120,945	343,120
Property - land disposition, net (Note 4, 8)	281,554	645,367
Program disbursements from restricted net assets:		
BC150 Celebrations - Festival 150 (Note 7)	(603,870)	(222,500)
Net cash flow from operating activities	(201,371)	765,987
<b>Cash flow from investing activities</b>		
Purchase of capital assets	(460,377)	(194,862)
Exclude:		
Third party contributions	89,425	-
Net change in accounts payable at year end	98,585	6,114
Net cash flow from investing activities	(272,367)	(188,748)
<b>Net (decrease) increase in cash and short-term investments</b>	(473,738)	577,239
Cash and short term investments, beginning of year	2,704,277	2,127,038
<b>Cash and short term investments, end of year</b>	<b>\$ 2,230,539</b>	<b>\$ 2,704,277</b>

See accompanying notes to the financial statements.





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## Provincial Capital Commission

### Notes to the Financial Statements

March 31, 2009

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#### 1. Purpose of the Commission

The Commission, established in 1956, operates under authority of the *Capital Commission Act* of British Columbia and is governed by an appointed board of directors. Eight directors are appointed through Order in Council by the province, and six are appointed by the four core municipalities of Greater Victoria. As a crown corporation, the Commission is accountable to the provincial government of British Columbia. The Commission is exempt from federal and provincial income taxes, and the federal Goods and Services Tax on expenses.

Its mandate is to connect and celebrate the Capital with every British Columbian through the delivery of outreach and engagement programs. The Commission is also responsible for the stewardship of its owned heritage buildings and preservation of the view corridor to the Capital. Revenues from property assets are used to fund core business activities on a self sustaining basis.

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#### 2. Summary of significant accounting policies

##### Basis of accounting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles applied within the framework of significant accounting policies summarized below:

##### Changes in accounting policies

Effective April 1, 2008 the Commission adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation. These standards revise and replace Handbook Section 3861, Financial Instruments – Disclosures and Presentation and enhance disclosure requirements regarding the nature and extent of risk arising from financial instruments and how the entity manages those risks. These standards impacted the disclosures the Commission provides but did not affect the Commission's results of operations or financial position. These disclosures are included in Note 12 to the financial statements.

Effective April 1, 2008, the Commission adopted the CICA Handbook Section 1535, Capital Disclosures, which requires an entity to disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital. This standard impacted the disclosures the Commission provides but did not affect the Commission's results of operations or financial position. These disclosures are included in Note 11 to the financial statements

##### Cash and short-term investments

Cash and short-term investments are classified as "financial assets held-for-trading" and are measured at fair value. These financial assets are marked-to-market through net earnings and recorded as investment income at each year end. Cash and cash equivalents consists of cash and short-term investments of units in Province of British Columbia Pooled Investment Portfolios.

##### Financial instruments

The Commission's financial instruments consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, including amounts due to the Province of British Columbia. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest or foreign currency risks arising from these financial instruments. These financial assets are marked-to-market through net earnings and recorded as investment income at year end.



# Provincial Capital Commission

## Notes to the Financial Statements

March 31, 2009

### 2. Summary of significant accounting policies (continued)

All financial instruments must be classified into a defined category, namely, held-to-maturity investments, held-for-trading financial assets and financial liabilities, available-for-sale financial assets, loans and receivables or other financial liabilities.

Financial assets and liabilities are initially recognized at fair value with subsequent measurement based on classification. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held-to-maturity and other financial liabilities which are measured at amortized cost using the effective interest method. Unrealized changes in fair value and gains and losses of held-for-trading instruments are recognized in the statement of operations.

The Commission has made the following classifications:

- held-for-trading: cash and short-term investments
- loans and receivables: accounts receivable
- other financial liabilities: accounts payable and accrued liabilities, due to Province of British Columbia and deferred revenues.

### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution unless otherwise noted. The contribution of park lands and green spaces is valued at \$1. The contribution of St. Ann's Academy, a nationally designated historical site, is valued at \$1. Capital improvements to St. Ann's Academy paid for by the Commission are recorded at cost.

Amortization of capital assets is calculated on a straight-line basis over the assets' estimated useful lives at the following rates:

	Years
Buildings and improvements.....	40
Wharves.....	10
Furniture and equipment.....	5
Computer hardware and software.....	3
Specialized equipment.....	20

No amortization is recognized for work in progress on capital assets under development.

The Commission regularly reviews the carrying value of long lived assets and continually makes estimates regarding future cash flows and other factors to determine the value of the respective assets. If these estimates or their related assumptions change in the future, the Commission may be required to record impairment charges for these assets.

### Revenue recognition

The Commission follows the deferral method of accounting for contributions. Deferred contributions are recognized as revenue in the year in which the related expenses are incurred, or as specified under third party agreements. Revenue received under tenant lease agreements and from future development sites currently used as parking lots are recorded on an accrual basis. Tenant income includes base rent, license fees and additional rent under lease agreements for building operating expenses, amortization and property management.



## Provincial Capital Commission Notes to the Financial Statements

March 31, 2009

### 2. Summary of significant accounting policies (continued)

#### Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### Expenses

Expenses are presented by core business activity. A description of each core business activity is summarized below:

##### Programs

Outreach expenses and administration includes employee salaries and benefits, purchased services and professional support, administrative expenses and an allocation for head office operating expenses. Income received from the rental of facilities at St. Ann's Academy is reported in Revenue.

Expenses for BC150 Celebrations – Festival 150 were funded from restricted net assets.

##### Properties

Expenses include operating expenses and amortization associated with revenue producing heritage buildings, Belleville port facilities, temporary parking lots, and the maintenance of parks and open space properties. Property management and administration expenses include employee salaries and benefits, professional support including legal, engineering, property management and accounting services, administrative expenses, and an allocation for head office operating expenses.

##### Corporate Support and Governance

Expenses include board and committee meetings, employee salaries and benefits, professional services and administrative expenses for corporate operations support, including operating expenses for the head office at 613 Pandora Avenue. A portion of head office operating expenses are allocated to Programs and Properties.

#### Employee benefit plans

The Commission and its employees contribute to the Public Service Pension Plan (the plan), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer defined benefit pension plan with approximately 55,000 active plan members and 33,000 retired plan members. The total assets of the plan at March 31, 2008 were \$17.5 billion. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The latest valuation as at March 31, 2008 indicated a surplus of \$487 million. The actuary does not attribute portions of the surplus to individual employers.

The Commission also contributes through the provincial government payroll system for employer funded health care, employment and termination benefits as provided for under collective agreements and terms of employment. For 2008/09, the benefits contribution was 23.8% (2008: 23.8%) of salary costs. The Commission's total benefit expense for the year was \$197,268 (2008: \$181,219).

Defined contribution plan accounting is applied to these benefit plans as the Commission has insufficient information to apply defined benefit plan accounting. As such, the cost of these employee future benefits is recognized as an expense in the year that contributions are paid.

## Provincial Capital Commission Notes to the Financial Statements

March 31, 2009

### 3. Cash and short-term investments

	2009	2008
Cash	\$ 34,537	\$ 64,175
Short-term investments	2,196,002	2,640,102
	<b>\$ 2,230,539</b>	<b>\$ 2,704,277</b>

At March 31, 2009 short term investments which include marketable securities amounted to \$2,196,002 reported at fair value (cost \$2,179,892) as compared with \$2,640,102 last year (cost \$2,623,974). A balance of \$989,660 (2008: \$1,078,037) is externally restricted for eligible expenses to operate the Belleville Port Facility, as described in the Transport Canada Contribution Agreement dated December 4, 2001.

Investment income in fiscal 2009 was \$99,117 (2008: \$109,426).

### 4. Capital assets

	Cost	Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Land	\$ 9,575,220	\$ -	<b>\$ 9,575,220</b>	\$ 9,575,220
Buildings	10,505,815	4,014,476	<b>6,491,340</b>	6,628,496
Wharves	705,629	243,758	<b>461,870</b>	261,019
Belleville Terminal Project – development costs	-	-	-	175,000
Furniture and equipment	291,572	157,942	<b>133,630</b>	142,564
Specialized equipment	655,269	83,672	<b>571,597</b>	564,041
St. Ann's Academy	619,667	164,432	<b>455,235</b>	470,725
	<b>\$22,528,172</b>	<b>\$4,839,280</b>	<b>\$17,688,892</b>	<b>\$17,817,065</b>

The current assessed value of Commission properties is \$114.9 million (2008: \$116.5 million). This includes 60 parcels of land that make up parklands and green spaces with an assessed value of \$30.9 million (2008: \$31.4 million). The assessed value of land and buildings from other Commission owned properties, including St. Ann's Academy is \$84.0 million (land, \$49.1 million; buildings, \$34.9 million) (2008: \$85.1 million). In June 2008, PCC land with a book value of \$1 was transferred by the provincial government to the Ministry of Transportation and Infrastructure, as authorized by Order in Council 545/08.

St. Ann's Academy, excluding the Chapel and Interpretative Centre, is leased for 51 years, expiring in 2048, to the Ministry of Labour and Citizens Services, Accommodation and Real Estate Services (ARES), formerly the BC Buildings Corporation, for \$10, in exchange for building renovations completed in 1996. During the lease period, ARES is responsible for property management and capital maintenance of the building. At the end of the lease term all tenant improvements become property of the Commission.

In 2004 and 2005, the Commission incurred \$175,000 in development costs associated with the Belleville Terminal Project. In fiscal 2009, these costs have been written down and recorded as an expense through the Statement of Operations.



## Provincial Capital Commission Notes to the Financial Statements

March 31, 2009

### 5. Deferred operating contributions

Transport Canada provided \$1.5 million in cash in December, 2001 for the continued operation of the Belleville Port Facility. The contribution is restricted for eligible expenses to operate the port, as described in the Transport Canada Contribution Agreement dated December 4, 2001. In 2006, \$145,750 was also spent on security improvements to dock facilities leased to Clipper Navigation Limited to bring the Port Facility to minimum standards. Any unused funds must be returned to Transport Canada after ten years. Cash and short-term investments held at the end of the year subject to these restrictions total \$989,660 (2008: \$1,078,037).

	2009	2008
Opening balance	\$ 1,078,037	\$ 1,122,197
Less: revenue recognized for eligible expenses	(88,377)	(44,160)
Ending balance	\$ 989,660	\$ 1,078,037

### 6. Deferred capital contributions

Deferred capital contributions represent assets received through contribution or donation from the Province of British Columbia, Transport Canada and other third parties. Significant events are as follows:

- In 2002, Transport Canada contributed \$2 million in land, buildings and wharves to the Commission. The land contribution of \$1,556,000 was recorded as an increase to investment in net assets. The balance of \$444,000 for buildings and wharves, plus an additional \$145,750 spent on dock facilities in 2006, was recorded as a deferred capital contribution and is recognized as revenue on the same basis as the annual amortization expense. The federal contribution revenue in the current year is \$25,680 (2008: \$25,680).
- In 2005, the Commission received \$1,450,000 from the Province of British Columbia for remediation of the Crystal Garden. The amount was recorded as a deferred capital contribution and annual revenue matches the asset amortization expense. Revenue in the current year was \$73,360 (2008: \$73,360).
- In 2005/06, a tenant contribution of \$676,845 was received for upgrades to the Crystal Garden and recorded as a deferred capital contribution. In April 2007, the City of Victoria assumed the rights to the contribution balance through an assignment of the lease. Based on the terms of the lease the amount recorded as revenue in the current year is \$45,600 (2008: \$97,091).
- In 2009, the Blackball Ferry Line wharf refurbishment of \$178,850 was completed, with \$89,425 funded as a deferred capital contribution by the tenant. Revenue will be recognized commencing April, 2009 based on the terms of the lease agreement.
- The balance of deferred capital contributions includes the net book values of the Crystal Garden and other buildings transferred from the Province in prior years. Annual revenue recorded is \$92,592 (2008: \$92,592).

	2009	2008
Opening balance	\$ 3,336,313	\$ 3,625,036
Add: Blackball Ferry Wharf Repairs – tenant contribution	89,425	
Less: amounts amortized to revenue		
Tenant contribution – Crystal Garden	(45,600)	(97,091)
Provincial and federal contributions:		
Provincial – contributed assets	\$165,952	
Federal - Belleville Port Facility	25,680	
Ending balance	\$ 3,188,506	\$ 3,336,313



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## Provincial Capital Commission Notes to the Financial Statements

March 31, 2009

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### 7. Restrictions on net assets

At the discretion of the board of directors, the Commission may restrict net assets for specific uses. Current year activity is summarized in the Statement of Changes in Net Assets.

#### Greenways Program

In fiscal 2009, the Board approved a transfer of \$95,000 in net assets restricted for a cancelled project to unrestricted net assets.

#### BC150 Celebrations

In fiscal 2009, the Board approved \$603,870 (2008: \$222,500) for core funding of an event held in the Capital on BC Day 2008. The event, Festival 150, was part of a province wide celebration of the 150<sup>th</sup> anniversary of British Columbia as a crown colony. Total event management and production expense of \$826,370 was funded through a restriction of net assets.

#### Building Remediation

As part of its property stewardship responsibilities, the Board also restricts net assets for building remediation projects over \$200,000 approved by Order in Council. At March 31, 2009 there were no restrictions for building remediation.

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### 8. Related party transactions

In addition to the amount due to the Province of British Columbia, the Commission's shareholder, the Commission had the following transactions with the Province and its related entities:

- The Commission received compensation of \$325,000 from the Province of British Columbia for Commission land purchased by the Ministry of Transportation and Infrastructure. The proceeds of \$281,554 are net of expenses for legal and real estate services.
  - Rent revenue of \$39,600 (2008: \$28,738) was received from ARES relating to St. Ann's Academy. In return, operating costs of \$104,443 (2008: \$64,771) relating to St. Ann's Academy were paid to ARES. A nil amount (2008: \$90,000) was paid to ARES for real estate services related to the Commission's property plan.
  - Insurance costs of \$116,360 (2008: \$160,685) were paid to the Ministry of Finance, Risk Management Branch.
  - The Province acts as fiscal agent for the Commission and also provides personnel and payroll services. Service charges were \$11,944 (2008: \$12,560).
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## Provincial Capital Commission Notes to the Financial Statements

March 31, 2009

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### 9. Commitments

At March 31, 2009, the Commission has commitments under various agreements as follows:

- Outreach: program commitments including the Student Travel Subsidy program total \$204,735 (2008:\$170,505). Student Travel Subsidy expenses are subject to completion of approved travel plans to the Capital by school groups in the 2009/10 fiscal year.
- Operating leases: the Commission has two operating leases for office equipment. One agreement runs to 2013 with an annual commitment of \$7,500. The other expires in 2014 with an annual commitment of \$5,812.
- Salaries and benefits: under the terms of the current BCGEU collective agreement, staff will receive a 2% wage increase effective April 1, 2009.

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### 10. Contingent Liability

The Commission has received a Writ of Summons and Statement of Claim for a third party injury claim. The potential liability is uncertain and cannot be estimated at March 31, 2009.

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### 11. Capital Management

The primary objective of the Commission's capital management is to ensure that it maintains net assets in order to satisfy its responsibilities of stewardship of its property assets and to deliver outreach and engagement programs. The Commission manages its rental income to ensure that appropriate rent levels are charged to cover costs and maintain the net assets of the Commission.

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### 12. Financial Risk Management

In the normal course of operations, the Commission is exposed to a number of risks that can affect its operating performance. The management of the Commission along with its board of directors monitors the Commission's risk through periodic review. These risks and the action taken to manage them are as follows:

#### Interest Rate Risk

The Commission has investments classified as held for trading. These investments are short term and are therefore not subject to large fair market value changes caused by changes in interest rates.

#### Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and will be unable to fulfil their lease commitments. The Commission mitigates the risk of credit loss by attracting and retaining quality tenants, diversification of the tenant mix, and through lease indemnification measures.

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#### CONTACT INFORMATION

For more information, please contact:

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